

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6814**

**BILL NUMBER:** HB 1232

**DATE PREPARED:** Dec 26, 2000

**BILL AMENDED:**

**SUBJECT:** Lake and River Enhancement Fee and Fund.

**FISCAL ANALYST:** Bernadette Bartlett

**PHONE NUMBER:** 232-9586

**FUNDS AFFECTED:**     **GENERAL**  
                              **X DEDICATED**  
                              **FEDERAL**

**IMPACT:** State & Local

STATE IMPACT	FY 2001	FY 2002	FY 2003
State Revenues		2,200,000	2,200,000
State Expenditures			
Net Increase (Decrease)		2,200,000	2,200,000

LOCAL IMPACT	CY 2001	CY 2002	CY 2003
Local Revenues	1,100,000	1,100,000	1,100,000
Local Expenditures			
Net Increase (Decrease)	1,100,000	1,100,000	1,100,000

**Summary of Legislation:** This bill increases the lake and river enhancement fee on boats from \$5 to \$15. It requires that at least one-third of the money in the Lake and River Enhancement Fund be used to support the Law Enforcement Division of the Department of Natural Resources (DNR), and that at least one-third of the money be used for projects in lakes and rivers to remove sediment or control exotic or invasive plants or animals.

**Effective Date:** July 1, 2001.

**Explanation of State Expenditures:** The Bureau of Motor Vehicles collects the lake and river enhancement fee. Increasing the amount of the fee should not increase administrative expenses for the Bureau. The DNR administers the fund. Expenses of administering the fund are to be paid from money in the fund.

**Explanation of State Revenues:** The lake and river enhancement fee generates approximately \$1.1 M annually. Increasing the fee from \$5 to \$15 would generate \$3.3 M, or \$2.2 M additional dollars. The table below details the uses of the fund for the past several years.

Lake and River Enhancement Fund Funds Allocated Annually by the State Soil Conservation Board				
Fiscal Year	Watershed Land Treatment Projects	Lake and Streams Projects	Total	% Allocated to Lakes and Streams
1994-1995	\$446,000	\$383,840	\$829,840	46%
1995-1996	\$484,000	\$346,053	\$830,053	42%
1996-1997	\$551,000	\$432,477	\$983,477	44%
1997-1998	\$462,245	\$367,755	\$830,000	44%
1998-1999	\$483,800	\$346,200	\$830,000	42%
1999-2000	\$531,825	\$657,003	\$1,188,828	55%
Totals	\$1,990,870	\$1,776,325	\$5,492,198	32%

The proposal would triple the fee, but one third, or \$1.1 M, would continue to go to watershed land treatment and lakes and streams projects as outlined above; another \$1.1M would go to the DNR Division of Law Enforcement; and another \$1.1 M would be used for projects in lakes and rivers to remove sediment or control exotic or invasive plants or animals.

*Background Information.* Revenue from the \$5 boat fee collected by the Bureau of Motor Vehicles is deposited into the Lake and River Enhancement Fund. The Fund received over \$1.1 M annually from the fee; however, for three of the past six years, the fund was only allowed to spend \$830,000, which contributed to a \$3.4 M balance in 1999.

The Division of Soil Conservation within the DNR administers the Fund. The Fund provides matching grants to evaluate or fund mechanisms to improve the quality of public-access lakes and streams by reducing soil erosion and nutrient input. Matching grants are provided to local lake associations for diagnostic, feasibility, or design studies and for construction or remediation work. Matching grants are also provided to soil and water conservation districts for watershed studies, erosion control practices, and land treatment applications. Watershed land treatment provides funding to farmers to prevent eroded soil and nutrients from getting into streams and lakes. Watershed land treatments are designed to prevent sediment from being deposited into the lakes.

Since its inception in 1990, the Lake and River Enhancement Program has funded 241 projects in over 44 counties. (A complete list of projects and the county in which the project is located is available at the Office of Fiscal and Management Analysis.) Revenue from the fund was also used to finance the 26-member Lake Management Work Group.

Money in the fund at the end of the fiscal year does not revert to the State General Fund.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Local units may be eligible to receive up to \$1.1 M in grants to remove sediment or control exotic or invasive plants or animals.

**State Agencies Affected:** Bureau of Motor Vehicles and the DNR Division of Soil Conservation.

**Local Agencies Affected:**

**Information Sources:** Budget Overview for the Lake Enhancement Fund and Jim Ray, Chief, and Mike Massonne, Engineer, LARE, Division of Soil Conservation (317) 233-3871.